

**REMARKS/ARGUMENTS**

Claims 1-3, 5-16 and 18-25 are pending in this application and have not been changed in the instant Amendment. Claims 1-3, 5-11, 13-16 and 18-24 were rejected, but claims 12 and 25 do not appear to have been examined in Office Action mailed May 19, 2004. Reconsideration is respectfully requested.

Missing Claims

The Examiner indicated that claims 1-3, 5-11, 13-16 and 18-24 are pending in the application. (Office Action Summary mailed May 19, 2004). Among them, claims 1, 3, 5-11, 14, 16 and 18-23 stand rejected under 35 U.S.C. § 102(b) as allegedly being anticipated by Woolston (U.S. Patent No. 5,845,265), and claims 2, 13, 15, and 24 stand rejected under 35 U.S.C. § 103(a) as allegedly being obvious over Woolston in view of admitted prior art.

Claims 12 and 25 were not mentioned in the Office Action mailed May 19, 2004 and do not appear to have been examined. Both claims 12 and 25 were filed originally as part of the instant application on April 10, 2001, and claim 12 was amended to correct minor errors in Amendment filed February 13, 2004.

Applicants respectfully request the Examiner examine claims 12 and 25 in the next Office Action.

Claims Rejected

Claims 1, 3, 5-11, 14, 16 and 18-23 stand rejected under 35 U.S.C. § 102(b) as allegedly being anticipated by Woolston. Additionally, claims 2, 13, 15, and 24 stand rejected under 35 U.S.C. § 103(a) as allegedly being obvious over Woolston in view of admitted prior art. Applicants respectfully traverse all the Examiner's rejections.

A. Claim 1

Woolston fails to disclose all limitations of claim 1. More particularly, claim 1 recites “an assurance module ... for conducting a presale inspection of said merchandise item and to generate a merchandise inspection report” and “said merchandise inspection report is conducted by an impartial third party, said merchandise inspection report including a warranty as an assurance to said buyer.” (emphasis added). Additionally, claim 1 recites “a description module ... for displaying said merchandise inspection report and a description report of said merchandise item” and “said merchandise inspection report is displayed prior to said processing a plurality of bids from a plurality of users.” (emphasis added). Moreover, claim 1 recites “said preregistration module checks the credit history of said user and generates a registration record of said user.” (emphasis added). Woolston fails to disclose these claim limitations.

In Office Action, the Examiner asserted that the consignment nodes of Woolston represent the assurance module of Applicant's invention and the consignment nodes are third party individuals. (Office Action mailed May 19, 2004, page 2). The Examiner also cited column 18, lines 46-50 and column 2, lines 40-50 of Woolston for support. Specifically, Woolston discloses the following:

These procedures may be used to give assurances and create trust to participants, who for example would like to buy and art deco collectable from a collectable shop in Russia but is very reluctant to send credit card information to an unknown Russian collectable shop for the obvious concerns of credit card fraud and/or fraud in the bona fides of the collectable good itself.  
(Woolston, column 18, lines 46-52)

But these procedures in Woolston do not appear to include conducting a presale inspection and generating a merchandise inspection report by an impartial third party.

In contrast, Woolston discloses the following:

It is understood that through the procedures of generating a unique code for each posted good, checking a unique code that identifies each posting terminal 700 against the legal owner entry in a posted good on the market maker computer 800 the database of for-sale goods 814 will be extremely reliable and accurate and assure that a

locally sold goods that have already been sold on the market maker computer 800 will not be inadvertently sold twice.  
(Woolston, column 18, lines 19-27).

Here, however, the franchising authority polices the franchisees to revoke the franchise if a fraud and/or misrepresentations of the bona fides of a collectable good is taking place by the posting terminal user and the assurance that credit card numbers are only revealed to the market maker computer 800 and not accessible to the, in this example, the Russian collectable store.  
(Woolston, column 18, lines 52-58).

Hence the consignment nodes in Woolston do not appear to inspect the merchandise and generate a merchandise inspection report.

Furthermore, the assurance module recited in claim 1 provides a guarantee with respect to the accuracy of the merchandise inspection report. The merchandise inspection report should accurately describe the merchandise item in an "as is" condition. For example, if a merchandise item is defective, an inspection report should accurately describe its defective condition. The assurance module guarantees that the merchandise item is indeed in the condition as described.

Additionally, the Examiner asserted that Woolston further teaches a posting module (description module) which contains a database of items to be auctioned, and cited column 10, line 42 of Woolston for support. (Office Action mailed May 19, 2004, page 2). But Woolston does not appear to disclose a description module for displaying a merchandise inspection report as well as a description report of the merchandise item. As discussed above, the consignment nodes in Woolston do not appear to inspect the merchandise or generate a merchandise inspection report. Hence Woolston does not disclose displaying the merchandise inspection report in addition to a description report. Additionally, Woolston does not disclose displaying the merchandise inspection report prior to processing a plurality of bids from a plurality of users.

Moreover, the Examiner asserted that "[s]pecifically the user of the system may establish an account, this process includes all well known credit card clearing techniques

(column 5; lines 10-20). (pre-registration module).” But Woolston does not disclose a preregistration module that checks the credit history of the user and generates a registration record of the user.

Specifically, Woolston discloses the following:

Moreover, a participant may establish an account with his local consignment node to be debited and credited with the funds used and generated with his transactions.

The consignment node may, for example, clear the transaction by charging the participant's charge card account and crediting the consignment node store account by well-known credit card clearing techniques.

(Woolston, column 5, lines 11-18)

As described above, the well-known credit card clearing techniques are used to charge the participant's charge card account and credit the consignment node store account. The consignment node does not appear to check the credit history of the user and generates a registration record of the user.

Accordingly, claim 1 is asserted to be allowable for at least the above reasons.

#### B. Claims 3, 16, 18 and 23

In light of the above, claim 3 is allowable for substantially the same reason as claim 1, and more particularly for the specific features it recites. Woolston does not appear to disclose “said preregistration module is a gatekeeper to a user's bidding qualification.”

(Applicants' claim 3, emphasis added).

In light of the above, claim 16 is allowable for substantially the same reason as claim 1, and more particularly for the specific features it recites. Woolston does not appear to disclose “said preregistration record acts as gatekeeper to said user's ability to bid.” (Applicants' claim 16, emphasis added).

In light of the above, claim 18 is allowable for substantially the same reason as claim 1, and more particularly for the specific features it recites. Woolston does not appear to

disclose "said description report includes streaming video of said merchandise item."  
(Applicants' claim 18, emphasis added).

In light of the above, claim 23 is allowable for substantially the same reason as claim 1, and more particularly for the specific features it recites. Woolston does not appear to disclose "said merchandise inspection report includes a member selected from the group consisting of merchandise video, merchandise audio, a 3-D virtual merchandise model, a virtual merchandise test drive, merchandise oil analysis, merchandise exhaust analysis and combinations thereof." (Applicants' claim 23, emphasis added).

#### C. Remaining Claims

In light of the above, it is asserted that claims 2, 5-11, 13-15, 19-22, and 24 are allowable for substantially the same reason as claim 1, and more particularly for the specific features they recite.

#### CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance and an action to that end is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 650-326-2400.

Respectfully submitted,



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